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THE GERMAN COLONIAL FISCAL SYSTEM.

I. BRIEF SKETCH OF HISTORY OF RELATION OF DEPENDENCY TO MOTHER COUNTRY.

a. Acquisition of the Colonies.

The German colonies are of comparatively recent origin. Until the last quarter of the present century the Germans were not in a position to pursue a colonial policy. Lack of internal unity was a bar to the realization of this as well as of other international movements. A beginning had been made by the Great Elector who sought to have Brandenburg share in the great colonial movement of the 17th Century. The storms of European politics in which the electors and later the kings were involved, rendered them incapable of competing with the other states that were engaged in colonial enterprises. Frederick William I, accordingly, disposed of the settlements that had been made and Prussia temporarily abandoned her colonial policy.

The political unification of the German nation under the leadership of Prussia led to a revival of German interest in colonial movements. German trading companies had acquired interests and developed commercial relations in Africa and the islands of the Southern Pacific. German missionaries had also commenced their activity. These individuals and associations desired to make their positions more secure by bringing their privileges under the protection of the mother country.

The action of the German government was hastened by the fact that the African continent was being taken pos-

session of by the other European powers. Germany took an active part in bringing about the Berlin Conference of 1884 which resulted in the Congo Act of 1885. This act established the principle of freedom of trade in the valley of the Congo, and defined the conditions which must exist in order to render valid the future seizures of unoccupied territory in Africa.

A negative policy was not sufficient. An active propaganda in favor of the acquisition of colonies was being carried on by individuals and associations in Germany.¹ Before the meeting of the Berlin Conference the German government had commenced to acquire colonies by taking possession of districts through its officials or by granting the protection of the Empire to individuals or associations that had acquired interests in certain territory. By the close of 1885 the following districts had been acquired: Togo, Cameroon, German South-west Africa, German East Africa, Kaiser Wilhelms-Land (New Guinea),² Bismarck Archipelago and the Marshall Islands, including the Brown and Providence Islands.³ In November, 1897, the German Admiral von Diedrichs took possession of Kiauchou Bay in the Chinese prov-

¹ Der deutsche Kolonialverein was founded in 1882; Der Gesellschaft für deutsche Kolonization in 1884. These associations united in 1887 as the Deutsche Kolonialgesellschaft. This association, which has branches in a large number of German cities, is one of a number of organizations that are engaged in the work of disseminating information respecting the German colonies and of promoting colonial undertakings. The writer is indebted to the Secretary, Herr A. Seidel and the Librarian, Herr M. Brose, for the privilege of consulting the association's extensive library of colonial literature.

² In 1886 the Northern Solomon Islands were added to the district governed by the New Guinea Company. The newspapers announce [Nov., 1899] that an agreement has been made between England and Germany, subject to the approval of the United States, which will result in the cession of two of these islands to England and the acquisition by Germany of two of the largest of the Samoa Islands.

³ Nauru Island was added to this district in 1888.

ince of Shantung. In the resulting treaty of March 6, 1898, China ceded to Germany for a period of 99 years the exercise of all rights of sovereignty in the treaty district. In February of the present year [1899] an agreement was made with Spain for the purchase of the remaining Spanish islands in the Pacific. By the treaty of June 30, 1899, Spain ceded to the German Empire the complete sovereignty over the Caroline Islands and the Palau and Marianne Islands.

b. Determination of the Relation of Dependency to Mother Country.

The inauguration of a German colonial policy had not been unattended with opposition. In pamphlets and in the press the dangers attendant upon such a course were pointed out. It was maintained that conflicts of interests with foreign powers would lead to serious results. Particular emphasis was placed upon the cost of colonial undertakings, and the resulting burden upon the home taxpayer. In the Diet this opposition found considerable support. The government, accordingly, adopted a conservative policy. Indeed, it appears that in the beginning nothing more was contemplated than the establishment of a protectorate over the persons and property of German citizens in the respective districts. In the negotiations with other states for a determination of jurisdictions, the German government found it necessary to take a more advanced position and announced that its authority in the districts over which it had extended its protection was of a territorial character, applying to all persons within the limits of such territory.³ The practical significance of this declaration, when taken in connection with the character of the acts of acquisition, was the extension of the sovereignty of

³ Stengel, pp. 47, 103.

the Empire over the newly acquired districts. This has been the theory upon which the German government has acted. The form in which such sovereignty should be exercised was yet to be determined.

II. SKETCH OF THE GOVERNMENT OF THE COLONIES.

a. General Principles of Organization.

It was not the purpose of the imperial government to take over the immediate administration of the colonies. In some of the districts private corporations had concluded agreements with the native rulers by virtue of which the latter ceded rights of jurisdiction as well as economic privileges. The policy of the German government was to avoid the development of an expensive machinery of colonial administration by placing the rights and obligations of government in the hands of trading companies which had acquired economic privileges in the territory. This policy was carried out in German East Africa, and in a district including Kaiser Wilhelms-Land, Bismarck Archipelago, and the Solomon Islands. In each district a charter (*Schutzbrief*) was given to a colonial company, granting or confirming its right to extensive economic privileges and to the exercise of governmental powers within such district. In the Marshall Islands a similar principle was followed, but in this case the administration was to be conducted by imperial officials, the costs of such administration being borne by the company (*Jaluitgesellschaft*).

The government was unable to extend this program to other districts. The companies which were engaged in undertakings in the other colonies were not organized for the exercise of such functions, and were unwilling to assume such grants of power with the resulting obligations. The companies which had received the char-

ters had not solicited the grant of governmental functions and were anxious to be relieved therefrom.¹ In 1890, the German East African Company concluded an agreement with the imperial government, by virtue of which it renounced all of its governmental rights.² Attempts to bring about the same result in the territory governed by the New Guinea Company had failed. The Diet was unwilling to assume the expenses of government while the Company retained its extensive economic privileges.³ Recently, however, a satisfactory agreement was concluded, and on April 1, 1899, the government of the district was taken over by the imperial authorities.⁴ Thus all of the colonies became subject to the immediate control of the German government.

It was apparent from the outset that the imperial legislature must determine the general principles of colonial organization. All of the colonies had been brought under the sovereignty of the German Empire by the act of the Emperor, who exercised this function by virtue of the right granted him by the constitution, of representing the Empire in international relations. This extension of sovereignty had been accomplished either by the occupation of territory which, in the sense of international law, was not subject to any political authority, as in the case of most of the possessions in Africa, or else by virtue of treaty cessions from the former sovereign of the territory, as in the case of the recent acquisitions from Spain. Uncertainty existed, however, with respect to the exercise of such sovereignty over the colonies. The executive might be able to extend the territory of the Empire but it did not follow that he could exercise un-

¹ Entwurf, 1899, Beilage, C., p. 68.

² *Kol.-Bl.*, 1890, p. 301, sqq.

³ Entwurf, 1899, Beilage, C., p. 67.

⁴ *Kol.-Bl.*, 1899, pp. 227, 228.

restricted jurisdiction over such district. In any event, so far as an appropriation of public funds was needed for carrying on the administration of the territory it was essential to have the coöperation of the Federal Council and the Diet. This necessity existed from the beginning. The draft imperial budget for the fiscal year 1885-86 contained an appropriation for the administration of the colonies. This at once precipitated the question of the government of the colonies. A part of the proposed sum was granted but it was ordered that a specific account of the expenditure should be made to the Diet and that certain information should be submitted before a permanent colonial organization was established.¹

The question of the legal position of the colonies was brought before the legislature in 1886, and after careful consideration, the statute of April 17, 1886,² was enacted. This statute was amended in 1887³ and 1888, and on March 19, 1888,⁴ the original statute as amended was published by the Chancellor. This forms the organic law for the German colonies.

The colonies were not brought into the federal union and hence the dual system of government, as defined in the German Constitution, does not obtain for these districts. They are subject to the control of the national Central Government. The Colonial Act authorizes the Emperor to exercise, in the name of the Empire, the general powers of government in the colonies (§ 1). In accordance with the original policy of the government,

¹ Meyer, "Die staatsrechtliche Stellung der deutschen Schutzgebiete," p. 42.

² Gesetz betr. die Rechtsverhältnisse der deutschen Schutzgebiete, *R. G. Bl.*, p. 75.

³ *R. G. Bl.*, p. 307.

⁴ *R. G. Bl.*, p. 75, sqq.

the statute speaks of protectorates (Schutzgebiete) and the protecting power (Schutzgewalt) instead of colonies and the governing power, but the distinction is one of phraseology alone.

The Emperor's general powers are limited by the provision (§ 2) that in the colonies the civil and criminal law and procedure and the judicial organization shall be determined in accordance with the provisions of the statute of July 10, 1879,¹ regulating consular jurisdiction. This statute regulates the law and procedure which shall obtain in those countries where the German consul has been authorized to exercise jurisdiction. In general, private rights are determined according to the provisions of the Prussian Landrecht while crimes are subject to the provisions of the imperial statutes. In procedure the statutes of the Empire obtain, subject to certain modifications. For the judicial organization, particular provisions were necessarily adopted. In general, these vest judicial authority in the consul and in two assessors, or, in some cases, in four. The Colonial Act provides that, in the colonies, officials authorized by the Chancellor shall take the place of the consul and the consular court.

These general limitations upon the Emperor's powers of colonial government are in their turn subject to exceptions. The Emperor, by ordinance, may modify these provisions with respect to certain matters (§ 3). Under the original statute of 1886 this ordinance power was quite limited, and the necessity for extending it was the chief reason for the amendments of 1887 and 1888. In its present form, the statute authorizes the Emperor to provide particular rules respecting rights in immovables, including property in mines. He is empowered to

¹ *R. G. Bl.*, p. 197, sqq.

introduce certain modifications of the law of civil and criminal procedure and to establish limited penalties for acts which are not regulated by the criminal code of Germany. He is, moreover, authorized to extend the jurisdiction to other persons than those provided in the act regulating consular jurisdiction.

Other provisions of the Colonial Act of 1888 determine questions arising from the peculiar position of the colonies as neither foreign country nor members of the federal union. For certain purposes the colonies are regarded as foreign country and the imperial statutes regulating the rights of German citizens residing in foreign countries are made to apply, with the general proviso that the Emperor may extend the operation of these statutes to other persons than German citizens (§ 4). The natives are not regarded as German citizens, but they, as well as foreigners settled in the colony, may acquire such citizenship by naturalization in accordance with the general principles of the imperial constitution and statutes (§ 6). On the other hand, the colonies are regarded as inland territory so far as affects the application of the statute of May 13, 1870,¹ respecting the adjustment of double taxation; and the Emperor, by ordinance, may give the natives the same rights as German citizens with respect to the privilege of carrying the German flag on merchant ships (§§ 6, 7).²

The concluding section of the Colonial Act authorizes the Chancellor to issue the ordinances necessary for the execution of its provisions. He may enact police and other administrative measures and provide limited pen-

¹ *B. G. Bl.*, p. 119.

² §§ 8-10 of the Colonial Statute provide particular regulations for the organization of German colonial companies. After the Chancellor has approved the articles of association corporate power may be decreed by the Federal Council. Such companies remain subject to the supervision of the Chancellor.

alties for their violation. The Chancellor may delegate these powers to colonial officials as well as to colonial companies that have an imperial charter.

While the Colonial Act gives the Emperor general powers of government in the colonies, it clearly recognizes that such colonies are subjected to the sovereignty of the German Empire. Hence, the imperial legislature may amend the Colonial Act, or may establish particular regulations for the government of the colonies. Ordinances of the Emperor will be repealed by a subsequent imperial statute, while on the other hand, the Emperor can not modify the provisions of a statute of the legislature. Thus, the general position of the colonies, excepting those whose administrative expenses are sustained by a colonial company, has been affected by a statute of March 30, 1892.¹ This act limits the Emperor's powers by placing the budget and debt contracting capacity of the colonies under the control of the imperial legislature.² The general principles determining the organization of the colonial military forces have also been established by statute.³

It should finally be noted that the provisions of the Congo Act respecting trade regulations, slave trade, religious freedom, etc., are binding upon those parts of the German colonies which are within the conventional Congo district. Moreover, treaties with foreign states restrict the power of imposing custom duties, etc.⁴

¹ Gesetz über die Einnahmen und Ausgaben der Schutzgebiete, *R. G. Bl.*, p. 369.

² See post, "Budget" and "Debt." Pp. 68-71.

³ Gesetz betr. die Kaiserlichen Schutztruppen in den afrikanischen Schutzgebieten und die Wehrpflicht daselbst, *R. G. Bl.*, 1896, pp. 187 sqq., 653 sqq.

⁴ The text of the Congo Act and of other international agreements affecting the German colonies appear in "Kol. G. G." under title "Internationale Vereinbarungen."

b. Administrative Organization.

The Imperial Chancellor, as the personal and responsible representative of the Emperor, stands at the head of the colonial administration. The entire administrative organization for the colonies has been created by ordinances of the Emperor, the Chancellor, and the colonial officials. The Colonial Department, consisting of a Director and a number of Councillors and Assistants, has supervision and control of the entire colonial administration.¹ It is a division of the Foreign Office, but is immediately responsible to the Chancellor in all matters affecting the internal administration of the colonies.² In matters affecting foreign relations the department is subject to the Foreign Office. There also exists a Colonial Council, the members of which are appointed by the Chancellor from those who are exceptionally qualified for the consideration of colonial matters. The Colonial Council considers measures affecting the administration of the colonies and gives opinions upon questions and policies that are submitted to it.³ It passes upon the draft budget of the colonies.

The administrative organization in the individual colonies varies with the development of the colony. In each of the colonies a Governor is placed at the head of the administration.⁴ The governor is provided with officials for the judicial, financial and general administration. A colonial military force exists in nearly all of

¹ The new colony of Kiauchou is administered by the Chancellor through the Ministry of Naval Affairs. *R. G. Bl.*, 1898, p. 173.

² *Kol.-Bl.*, 1890, p. 119; *Ibid.*, 1894, p. 647.

³ "Kol. G. G." I., pp. 3-6; *Ibid.*, II., pp. 155, 158; *Kol.-Bl.*, 1895, pp. 221, 265.

⁴ In the Marshall Islands, the chief official is a Governor General. The title of the chief executive in the colonies has passed through the three stages of 'Kommissar,' 'Landeshauptmann,' and 'Gouverneur.' Cf. "Kol. G. G." II., p. 57.

the colonies. Where the colony has been divided into districts, an official is placed at the head of the local administration, and the same is true of the municipal organizations.

The governor in each of the colonies, and in German East Africa the chief justice and the chief of the financial administration, receives an imperial commission. The other officials are commissioned by the Chancellor in the name of the Emperor. The Chancellor may delegate this function to the governor so far as it applies to subordinate officials.¹ Natives assist in the local administration, and a large item in each budget is for the payment of the services of colored employees.²

No particular provisions exist respecting the training or preparation of colonial officials. The policy of the administration has been to take officials from the home departments, which ensures the necessary technical training.³ For colonial officials this is not sufficient. It is in the highest degree essential that they should possess a knowledge of the language and characteristics of the natives with whom they will have to do. A knowledge of the special geographical features, including climatic conditions, will materially promote their capacity for successful administration. While the government has not adopted compulsory provisions, it has provided ample means to enable persons to acquire such information and preparation. The Oriental Seminar, which was established by the Prussian government in 1887 and is connected with the University in Berlin, offers exceptional facilities for instruction in the languages of oriental nations and the native languages of the German

¹ "Kol. G. G." II., p. 265 sqq.; *R. G. Bl.*, 1896, p. 691, sqq.

² Cf. "Selbstverwaltung in den Schutzgebieten" in *Kol. Z.*, Oct. 19, 1899, p. 397.

³ Entwurf, 1899, Beilage A., p. 63.

Colonies.¹ In the Winter-Semester, 1899-1900, sixty-one courses are offered, embracing fifteen languages. Instruction is also given in tropical hygiene, geography of the African colonies and economic botany of the tropics. Persons preparing for the colonial service have taken advantage of these opportunities, and it may be expected that, in the course of time, colonial officials will be required to have such preparation.

The German government recognizes the importance of securing able men for the colonial service and provides special rewards for such service. The statutes regulating the relations of imperial officials, including the rights to pensions and the provision for survivors, have been made to apply to officials drawing their salaries from colonial sources so that they shall have the same rights against the colony as imperial officials have against the Empire.² Moreover, the principle that is applied to consular officials in tropical countries has been followed. A relatively larger salary is attached to the office and in estimating the time required for the establishment of the right to a pension, the length of service rendered in a colony will be doubled.³ An official who is incapable of further service in the tropics does not receive his pension if he is capable of rendering service in the home departments, and is offered a position with an income equal in value to the pension to which he would be entitled.² Provision is made for the granting of leave of absence with travelling expenses and a certain proportion or all of the salary.²

These provisions have recently received a substantial addition in the interest of the colonial officials. In a

¹ Beneke, "Die Ausbildung der Kolonialbeamten," p. 70, sqq.

² "Kol. G. G." II., p. 265, sqq.; *R. G. Bl.*, 1896, p. 691, sqq.

³ *Ibid*; Cf. act of May 31, 1887, *R. G. Bl.*, p. 211; "Kol. G. G." I., p. 9.

memorial attached as an appendix to the draft colonial budget for 1899, attention was called to the desirability of placing the colonial officials in a better position with respect to their maintenance and the privileges of their survivors.¹ It was maintained that where the hardships and deprivations of tropical service had rendered one incapable of further service in the colonies, he should be entitled to an increase of the ordinary pension accruing to the retired official. The impairment of his constitution would necessarily lead to greater expenditures than an official retired in regular course would be called upon to sustain, and this was equally true if he returned to active service in the home administration. It was proposed to make the increase of pension operate as an incentive to longer service in the colony. The official must have served six years before he can claim the increase and an extra amount is granted for each additional year of service up to and including the tenth year. The memorial proposed certain assistance for the survivors of officials who have died in service or in consequence of the effects of the climate and within six years after leaving the colonial service. These benefits were limited to officials whose salaries were fixed in the colonial budget, and the proposal came before the imperial legislature in the form of additions to the expenditures of the respective colonies for the fiscal year 1899. These additions were allowed by the legislature. The provisions have not been formulated in statute and the officials do not acquire a legal claim to such privileges.

c. General Administration.

The judicial administration as well as the systems of civil and criminal law have been determined by the imperial legislature. The Emperor has exercised his

¹ Entwurf, 1899, Beilage A., p. 63.

power of modifying these regulations, in particular with reference to the law regulating rights in immovables.¹

The ordinances affecting the internal administration of the colony are in general issued by the governor of the colony, though subordinate officials have the right to issue police regulations. This ordinance power has been utilized by the governors in matters affecting the public peace, health and the economic development of the colonies. The imperial coins have been made legal tender in most of the colonies.² The use and acquisition of public or unoccupied lands, mines, forests, etc., and the carrying on of certain occupations, trades and industries are subject to particular regulations.³

Of particular interest have been the ordinances affecting the native population.⁴ In some cases, where agreements were made with native chiefs, the jurisdiction over the natives was reserved to such leaders. Even where this is not the case the policy of the government has been to respect the customs of the natives and to subject them very gradually to the operation of the laws regulating the legal relations of the white population. Native chiefs are utilized in the administration of affairs affecting the natives. Moreover the government has recognized the obligation of protecting the natives in their dealings with the more intelligent and the less scrupulous white persons. Considerations of public safety as well as the interests of the natives have led to

¹ Stengel, p. 218, sqq.

² The German East African Company retains the right of issuing small coins, which are legal tender within a certain district of German East Africa. *Kol.-Bl.*, 1890, p. 301.

³ For an account of such ordinances see Stengel, p. 253, sqq.; for text see "Kol. G. G." under title "Allgemeine Verwaltung."

⁴ Stengel, p. 278, sqq.; "Kol. G. G." under title "Rechtsverhältnisse der Eingeborenen."

the prohibition or regulation of the sale of intoxicating liquors or of fire arms to the natives. Particular rules are provided for the determination of contracts of sale, debt, pledge, etc., when a native is the party bound by the contract. Contracts for the employment of the natives and for their transportation out of the colony are subject to governmental approval and the latter are generally forbidden. Slave trading is prohibited. Slavery and polygamy are tolerated where the government has undertaken to respect the customs of the natives, but the tendency is to eliminate both of these institutions.

d. Financial Administration.

Originally the executive's general power of determining the financial administration was limited only by the provisions of international agreements and by the necessity of including annually in the imperial budget a sum sufficient to defray the deficit which arose from the colonial administration. In 1892, however, the determination of the colonial budget and the contracting of debts for the colonial administration were placed under the control of the imperial legislature. Notwithstanding these limitations the executive retains extensive powers in the field of financial administration. He is unable to make expenditures that have been disapproved by the legislative bodies, but in the levying and collecting of taxes he is not subjected to legislative control. Moreover, the legislature does not generally revise the expenditures as determined by the executive but confines itself to striking out particular expenditures.

III. REVENUE.

a. The Determination of the Revenue.

As previously indicated, the determination of the revenue so far as it arises from colonial sources, exclud-

ing loans, is within the control of the Emperor. It is, of course, possible for the imperial legislature to establish in the colonial budget a different income from that estimated, but this would take the form of the determination of a lump sum from a general source rather than the establishment or modification of a particular source of income. So long as the executive has the general power of colonial taxation, it is improbable that the legislature will undertake to determine the character or amount of the income.

The inhabitants of the colony have no voice in the determination of the source or amount of the revenue. The governor determines such matters subject to the power of the home authorities to overrule or modify his acts.

b. Discrimination in Favor of Mother Country.

No disposition is manifested to accord the citizens of the mother country any privileges in connection with the revenue system. So far as the Congo Act applies, such privileges would be subject to limitation. In certain colonies the citizens of foreign states have by treaty the right to the enjoyment of the same privileges as are accorded to German citizens. As has been indicated, certain colonial companies were granted extensive economic privileges as a return for the assumption of the costs and burdens of administration as well as the exploration and development of the colony. In so far as these privileges still exist they are limited to the right to take possession of unoccupied land, to mining and fishing privileges, etc.¹

The customs regulations in general provide for

¹ The German East African Company retains rights of coinage, the privilege of establishing a bank, and the prior right to take over concessions for the building and operation of railroads within a certain district.

exemption from the payment of dues on articles belonging to the imperial government or necessary for the army or navy as well as the personal effects of the officers of the colonial troops and the officials of the civil administration.¹ In German East Africa the coins issued by the German East African Company are also exempt from duty.

c. Sources of Revenue.

The colonial revenue may be divided into two classes according to the sources from which it is derived: (1) Revenue derived from Colonial Sources; (2) Subventions from the Mother Country.

1. Revenue derived from Colonial Sources.

Colonial sources of revenue may be classified: (a) Taxation; (b) Fees; (c) Public Property.

(a) Taxation. (1) Direct Taxes.

Direct taxes have not constituted an important source of income, but there is a tendency to extend this species of taxation. The business or occupation tax was introduced at an early date in some of the colonies and has been gradually extended with the progress of economic development until it exists in nearly all of them. In Togo the tax is limited to trading firms. Firms engaged in both export and import trade pay 800 M annually; if they confine their activity to one of these branches the rate is 400 M; all others pay 100 M.² In South-West Africa the tax is confined to itinerant traders, and is graded according to the means of transportation utilized by the trader. The charge for a year's license is 30 M where no vehicle is used; 70 M where a cart is used; 140 M where a wagon is used.³

¹ Cf. import and export duties in "Kol. H. A. B.," 1899, pp. 74-80.

² *Kol.-Bl.*, 1899, p. 62.

³ *Kol.-Bl.*, 1895, p. 458.

In the Marshall Islands trading firms are divided into two classes according to the amount of business transacted. The classes pay an annual tax of 6000 M and 15,000 M respectively. Taxes are also imposed upon saloons, 800 M annually; trading vessels of firms not located in colony, for each trip 1000 M; trading stations, 100-200 M annually.¹ In New Guinea and German East Africa the tax is a general business and occupation tax. Trades and occupations are divided into classes according to their character, the amount of capital employed, the income derived, etc. In New Guinea the annual tax varies from 40 M for the lowest class to 600 M for the highest class.² In German East Africa it ranges from 6 R. to 360 R.³

The New Guinea Company introduced an income tax in connection with the occupation tax. Officials, merchants, managers and overseers of plantations, clerks, and craftsmen possessing an annual income from salary, profits or maintenance exceeding 1000 M are subject to an annual tax of 6 M, and on the excess in income over 1500 M to a tax of 2 per cent.³

A poll tax was introduced in the Marshall Islands at the same time that the business tax was established. Male residents, above the age of sixteen years, excluding natives, are subject to an annual tax of 20 M. The natives are subjected to an annual payment of 360,000 pounds of copra. The colony is divided into a number of districts and the tax is apportioned among these districts.⁴

¹ *Kol.-Bl.*, 1895, p. 569; "Kol. G.G.," II., p. 188.

² "Kol. G. G.," I., p. 530.

³ *Kol.-Bl.*, 1899, p. 430; Cf. *Kol.-Bl.*, 1897, p. 123.

⁴ "Kol. G. G.," I., pp. 620-621. The ordinance was recently amended so as to tax cocoanut groves when not possessed by natives. *Kol.-Bl.*, 1898, pp. 739, 740.

In German East Africa the greatest progress seems to have been made in accustoming the natives to European institutions. An inheritance tax is imposed upon the successions of natives. The rate is 2 per cent. if heirs of the first class (near relatives) succeed and 5 per cent. in other cases. Provision is made for the administration of the succession by the local administrative official in case such administration is demanded by an heir or a creditor. In such case, in lieu of the inheritance tax, 5 per cent. of the gross value of the estate, before deduction of debts, is taken.¹

The house tax has also been recently introduced in German East Africa.² For the purposes of the tax houses are divided into two general classes :

I. Houses built according to European, Hindoo or Arabian models ;

II. Houses and huts built according to native custom.

Each of these classes is subdivided into (a) Urban houses and (b) Houses in country.

The annual tax rate is as follows :

Class I. (a). 5 per cent. of the rental value, not to exceed 100 R.

Class I. (b). 3 grades. 10 R, 20 R, 30 R.

Class II. (a). 2 grades. 6 R, 12 R.

Class II. (b). 3 R.

An interesting feature of the tax is that in Class II payment of the taxes may be made 'in natura'. As such are recognized the fruit of certain nut-bearing trees and labor. In the interior grain furnished the overland caravans may also be rendered in payment of the tax.

¹ *Kol.-Bl.*, 1894, p. 41 ; "Kol. G. G.," II., pp. 46, 47.

² *Kol.-Bl.*, 1898, pp. 50, 51 ; "Kol. G. G.," II., pp. 368, 369. A local house tax had existed for some time in the coast district of the colony. This was abrogated and these local districts were given fifty per cent. of the proceeds of the new tax.

When labor is offered it is to be used in the first place for the improvement of the roads within the district where the party resides. The local administrative authorities fix the value of the labor and natural products. Measures are provided for the enforcement of the tax and, for this purpose, forced labor is permitted. The tax went into operation April 1, 1898, and the governor reported that no opposition to its enforcement was encountered.¹ According to the report, the natives residing in the coast districts appreciate the benefits of an orderly administration, while the interior natives pay the tax without having any appreciation of its basis or purpose. The proceeds of the tax exceeded anticipations. From April 1, 1898, to January 10, 1899, the collections were as follows:² Cash payments, 214,995 R; natural products, 4,197 R; labor, 2,032 R. Total, 221,224 R. For the fiscal year 1898 it appears that the income from the tax amounted to 363,115 R, of which 95 per cent. was paid in money, 3 per cent. in natural products, and 2 per cent. in labor.³

In South-West Africa owners of vehicles are subject to an annual tax of 20-40 M for the benefit of road improvement.⁴

(2) Indirect Taxes.

Customs form the chief source of revenue from taxation. In German East Africa, South-West Africa and New Guinea both export and import duties exist, while in Cameroon and Togo only the latter are imposed.⁵ The rates are in general determined by revenue consid-

¹ "Jahresbericht," 1897-98.

² *Kol.-Bl.*, 1899, pp. 167-168.

³ *Deutsch-Ostafrikanische Zeitung*, quoted in *Kol.-Bl.*, 1899, p. 659.

⁴ "Kol. G. G.," II., pp. 205, 206. A dog tax of 10 M has recently been introduced; *Kol.-Bl.*, 1899, p. 507.

⁵ For compilation of customs duties see "Kol. H. A. B.," 1899, pp. 4-80; "Kol. Kal.," 1899, pp. 235-245.

erations alone. The ad valorem duties range from $1\frac{1}{2}$ to 20 per cent. Specific duties are used to some extent in all of the colonies and are the rule in New Guinea, where the duties are limited, applying only to imports of liquors and exports of copra.

In German East Africa an excise duty of $1\frac{1}{2}$ per cent. is imposed upon commodities.¹ It is collected upon imports and exports in connection with the receipt of the customs duties. In addition, the manufacture of spirituous liquors is subject to governmental authorization, and an excise duty is imposed upon the same.² A license is generally required for the sale of intoxicating liquors and a charge is imposed upon the privilege of carrying on such business.³

(b) Fees.

Fees are collected for services rendered by the colonial officials in the civil and judicial administration, etc.

(c) Public Property.

The unoccupied land, in so far as private persons have not acquired rights to the same, belongs to the colony, and revenue may be derived from its use or alienation. Under this class of revenue may also be included the income derived from charges imposed upon the privilege of prospecting for minerals, fishing, hunting, etc.⁴ The revenue derived from the above sources has not been of much importance up to the present time.

The administration of the government railroads and telegraph lines furnishes another source of revenue in

¹ "Kol. G. G." I., pp. 429, 430.

² 10 R per hectoliter, "Kol. G. G." II., p. 3; *Kol.-Bl.*, 1893, p. 103.

³ 100 M annually in Cameroon (*Kol.-Bl.*, 1899, p. 727) and Togo ("Kol. G. G." II., pp. 127-128); 100-150 R annually in German East Africa (*Kol.-Bl.*, 1895, p. 203); 200-300 M in S-W. Africa and, if sales exceed 8000 liters, 200 M for each additional 8000 liter sale (*Kol.=Bl.*, 1895, p. 402).

⁴ Cf. Stengel, pp. 263, 264.

German East Africa and South-West Africa. In the former colony the railroad has not been sufficiently extended for the income from its administration to figure in the budget, and in South-west Africa it appears for the first time in the budget for 1899. It will be some time before there is an excess of income over cost of operation of these railroads.

The supervision of the caravan trade in the interior, government wharves, docks, repair shops, etc., furnish income from the economic undertakings of the government.

2. Subventions from the Mother Country.

Grants from the home government have constituted an important source of revenue in all of the colonies except the Marshall Islands, where the annual deficits are defrayed by the Jaluitgesellschaft. In most of the colonies grants have been necessary from the beginning, and, as a rule, the amount increases annually. The increases are largely due to the expenditures for public works and productive enterprises. The following table shows, in thousands of marks, the amounts included in the budgets of the German Empire for the expenses of colonial administration for the respective years ;

	[000 omitted.]			
	1896-97.	1897-98.	1898.	1899.
Permanent expenditures-----	230	261	290	299
Temporary expenditures-----	9,267	8,244	10,740	16,401
Kiauchou government -----	—	—	5,000	8,500
	9,497	8,505	16,030	25,200

The permanent expenditures are for the colonial department of the Foreign Office. The temporary expenditures are, for the most part, the annual subventions to meet the deficiencies in the revenues of the individual colonies. They also include annually the sum of 200,000 M for the 'Afrikafonds' established for aiding

scientific undertakings directed to the exploration of Central Africa and other countries.¹

d. Statistics of Revenue.

The following tables taken from the colonial budgets as fixed by statute, exhibit the approximate revenues for the respective years :²

GERMAN EAST AFRICA.

[ooo omitted.]						
Source.	1894-95	1895-96	1896-97	1897-98	1898	1899
Direct taxes -----	----	----	----	----	100	350
Customs -----	1,750	1,750	1,350	1,400	1,625	1,750
Other Taxes, Fees and Administration Income -----	400	400	250	300	435	410
Imperial Subvention -----	3,370	3,687	4,301	4,339	3,805	5,985
Total -----	5,520	5,837	5,901	6,039	5,965	8,495

SOUTH-WEST AFRICA.

[ooo omitted.]						
Direct taxes -----	----	----	----	----	10	10
Customs -----	27	27	386	550	350	500
Other Taxes, Fees and Administration Income -----	----	----	----	----	40	40
R. R. Administration -----	----	----	----	----	----	20
Imperial Subvention -----	1,000	1,700	4,087	3,015	4,601	6,609
Total -----	1,027	1,727	4,473	3,565	5,001	7,479

CAMEROON.

[ooo omitted.]						
Source.	1894-95	1895-96	1896-97	1897-98	1898	1899
Direct Taxes -----	----	----	----	----	28	28
Customs -----	565	565	590	500	460	600
Other Taxes, Fees and Administration Income -----	46	45	50	80	92	102
Imperial Subvention -----	----	620	677	690	814	983
Total -----	610	1,230	1,319	1,270	1,394	1,713

¹ See "Jahresbericht," 1897-98, under title "Afrikafonds."

² All sums are expressed in thousands of marks.

TOGO.

[000 omitted.]

Direct Taxes.....	----	----	----	----	27	27
Customs.....	180	262	377	395	500	500
Other Taxes, Fees and Administration Income.....	6	3	3	5	23	23
Imperial Subvention	----	----	----	----	----	254
Total	186	265	380	400	550	804

NEW GUINEA.

[000 omitted.]

Direct Taxes, Customs, other Taxes, Fees and Administration Income..	----	----	----	----	----	75
Imperial Subvention	----	----	----	----	----	657
Total						732

KIAUCHOU.

[000 omitted.]

Imperial Subvention	----	----	----	----	5,000	8,500
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IV. EXPENDITURES.

a. Determination of Expenditures.

The expenditures of the colonies are estimated annually in advance, and are determined in the colonial budget which is established by act of the imperial legislature. The latter, therefore, possesses the power of limiting or expanding the expenditures of a colony and of determining their character. As a matter of fact, however, the legislature confines itself to keeping the expenditures within a certain limit, which is generally determined by the consideration of the amount of the contribution from the imperial treasury which will be rendered necessary by such expenditures. In the draft colonial budget statements are made of the causes which justify a change from the budget of the preceding year.

The legislature has at times refused to allow the full amount of the estimated expenditures. In the budget

for the present fiscal year, however, the only change made in the draft budget was a reduction of 61,000 M in the amount of expenditures estimated for the colony of South-West Africa.

b. Extent to which Colony or Mother Country sustains Expenses of the other.

Thus far there is no question of the colony's sustaining any portion of the expenses of the mother country. It will be some time before the colonies are placed upon a self-supporting basis, and any surplus that may arise will be needed for the development of improvements within the colonies. No disposition appears to have been manifested to utilize the colonies as a present or future means of assisting in defraying the expenses of the home country.

On the other hand, as previously indicated, the home government has contributed liberally towards the support and improvement of the colonies. This does not appear to have been carried as a claim against the latter except in two or three instances in the case of the colony of Cameroon.¹ It must be noted, however, that the colonies are subject to the legislation of the Empire and, so far as colonial property is concerned, to the ordinance power of the Emperor.

c. Kinds of Expenditures.

1. Permanent Expenditures.

Under this class fall the costs of the civil and military administration and, in the case of German East Africa, of a flotilla. Particular features of interest are the items for extraordinary compensation to officials and soldiers, for pensions for retired officials and soldiers and their survivors, as well as for the increase of such pensions under certain circumstances.²

¹ See pp. 70-71.

² See pp. 51-52, 66.

A considerable sum appears under the head of miscellaneous expenditures. Government schools are maintained in most of the colonies. Missions and church congregations have received assistance from the government. The public highways are kept in repair. In German East Africa this burden is imposed upon the local districts, which receive for this purpose 50 per cent. of the proceeds from the house tax and 20 per cent. of that obtained from the occupation tax. Government hospitals exist in most, if not all, of the colonies. Sums are appropriated for investigations in the field of agriculture, botany and forestry, and the public land survey has been inaugurated. The maintenance of the public peace, which was at first the sole function of the government, constitutes an important item of expenditure. A police force exists and, in most of the colonies, colonial troops are maintained. In these forces and for the manual labor of the civil administration the natives are employed to a considerable extent.

The operation of the railroads in German East Africa and South-West Africa, constitutes another item of permanent expenditures, which it is expected will be offset by a corresponding income, and the same is true of government docks, wharves, etc. The exploration of the interior and the establishment of new stations furnishes a regular item of expenditure.

The liquidation of the debt is included as an item of expenditure in some of the colonies.

2. Temporary Expenditures.

In all the budget colonies there are annual expenditures for public works, including public buildings and roads. Appropriations have been made for government steam vessels, and stationary floating wharves have been

established or inaugurated in most of the colonies. A dock and ship repair-shop has been built on a small scale in Cameroon.

By far the largest items of temporary expenditures have been for the acquisition and building of railroads and telegraphs in German East Africa and South-West Africa.

Among other items of temporary expenditures in South-West Africa, are:¹ Agricultural experiment station and immigration bureau; advancement of horse and cattle breeding; lighting the coast of the colony; assistance of colonists and natives who suffered particularly from effects of rinderpest; and extra payments to officials and military on account of the high prices of commodities in the colony.

d. Statistics of Expenditures.

The following tables, taken from the colonial budgets as fixed by statute, exhibit the approximate expenditures for the respective years:²

GERMAN EAST AFRICA.

[ooo omitted.]

	1894-95.	1895-96.	1896-97.	1897-98.	1898.	1899.
Salaries, pensions, etc., of Civil Administration.....	542	612	649	617	643	698
Salaries, pensions, etc., of Military Administration..	1,975	1,934	2,835	1,707	1,686	1,710
Other Expen. of Civil and Military Administration..	1,410	1,463	1,456	1,974	2,053	2,272
Flotilla	570	582	568	648	648	662
Expeditions and Int. Sta- tions	305	350	300	---	---	---
Debt	600	600	600	600	600	600
Permanent Expenses.....	5,402	5,542	5,409	5,546	5,630	5,942

¹ The draft budget for the fiscal year 1899 proposed an expenditure of 25000 M to assist German unmarried women to emigrate and settle in the colony. The proposition was prompted by a desire to check the intermarriage of Germans and natives. The item was stricken out by the Diet.

² All sums are expressed in thousands of marks.

	1894-95.	1895-96.	1896-97.	1897-98.	1898.	1899.
Pub. Buildings and Roads_	100	280	276	280	250	240
Railroads_	-----	-----	-----	-----	72	2,000
Miscellaneous_	-----	-----	200	200	-----	300
Reserve for Unforeseen Ex.	17	15	16	13	13	13
Total Expenditures---	5,520	5,837	5,901	6,039	5,965	8,495

SOUTH-WEST AFRICA.

[ooo omitted.]

Salaries, pensions, etc., of Civil Administration_	-----	-----	41	62	68	165
Salaries, pensions, etc., of Military Administration_	-----	-----	1,121	991	1,064	1,159
Other Expen. of Civil and Military Administration_	947	1,598	2,453	2,063	2,107	2,494
R. R. Administration_	-----	-----	-----	-----	-----	20
Permanent Expenses_	947	1,598	3,615	3,116	3,239	3,838
Pub. Buildings and Roads_	-----	-----	330	404	258	340
Railroads and Telegraph_	-----	-----	-----	-----	1,000	2,392
Miscellaneous_	50	100	366	-----	458	864
Reserve for Unforeseen Ex.	30	29	162	45	45	45
Total Expenditures---	1,027	1,727	4,473	3,565	5,000	7,479

CAMEROON.

[ooo omitted.]

	1894-95.	1895-96.	1896-97.	1897-98.	1898.	1899.
Salaries, pensions, etc., of Civil Administration_	93	94	178	182	187	219
Salaries, pensions, etc., of Military Administration_	-----	-----	75	79	137	168
Other Expen. of Civil and Military Administration_	344	767	754	773	949	1,125
Debt_	91	91	91	91	-----	-----
Permanent Expenses_	528	952	1,097	1,125	1,273	1,512
Pub. Buildings, Roads, etc.	60	275	200	125	100	140
Miscellaneous_	-----	-----	-----	-----	-----	40
Reserve for Unforeseen Ex.	22	3	21	20	21	21
Total Expenditures---	610	1,230	1,319	1,270	1,394	1,713

TOGO.

[ooo omitted.]

Salaries, pensions, etc., of Civil Administration_	22	27	69	81	87	91
Salaries, pensions, etc., of Military Administration_	-----	-----	-----	18	30	46
Other Expen. of Civil and Military Administration_	118	188	240	234	323	527
Permanent Expenses_	140	215	309	333	440	664
Pub. Buildings, Roads, etc.	35	35	55	55	95	95
Miscellaneous_	-----	-----	-----	-----	-----	30
Reserve for Unforeseen Ex.	11	15	16	12	15	15
Total Expenditures---	186	265	380	400	550	804

NEW GUINEA.

[ooo omitted.]

	1894-95.	1895-96.	1896-97.	1897-98.	1898.	1899.
Civil Administration	----	----	----	----	----	196
Debt	----	----	----	----	----	400
Pub. Buildings, Roads, etc.	----	----	----	----	----	100
Miscellaneous	----	----	----	----	----	33
Reserve for Unforeseen Ex.	----	----	----	----	----	3
						<hr/>
Total Expenditures---						732

V. BUDGET.

The act of March 30, 1892, introduced the statutory budget system for the German colonies, with the exception of colonies in which the costs of administration are defrayed entirely by a colonial company.¹ This act provides that the income and expenditures of each colony shall be estimated annually and incorporated in the colonial budget, which is to be established by statute before the beginning of the fiscal year.² In accordance with this requirement a draft colonial budget is annually submitted to the imperial legislature. Specific amounts are appropriated for salaries (the civil and military administration being distinguished), pensions, increase of pensions, etc. The amounts appropriated for the employment of white persons are kept separate from those required for the labor of colored persons. The draft budget, moreover, indicates specifically the salaries of the colonial officials and contains a detailed account of the purposes to which the miscellaneous expenditures are to be devoted. The general nature of the temporary expenditures is indicated and, in some cases, the expenditure of the appropriation is fixed in considerable detail.

¹ *R. G. Bl.*, p. 369; cf. p. 43.

² A different rule is followed with respect to the colony of Kiauchou. It is not included in the colonial budget, but a lump sum is appropriated in the imperial budget to defray the costs of administration of the colony.

A small amount is annually included as "Reserve Funds", to provide for unforeseen expenditures.

The Budget Act further provides (§ 2) that a statement of the entire income and expenditure of the colonies for the fiscal year shall be submitted to the Federal Council and the Diet not later than the end of the following year, and that any expenditures over and above the budget estimate shall be particularly designated for the purpose of supplementary authorization. Before the Chancellor is exonerated from his responsibility, he must have submitted an account of the expenditure of all income for the year (§ 3). The auditing authorities which supervise and control the imperial budget exercise the same functions with respect to the colonial budget.

VI. DEBT.

The act of March 30, 1892, contains important limitations upon the power of the colonial administration to contract debts for colonial purposes. It is expressly provided that the obligations arising out of the administration of a colony, bind only the property of such colony (§ 5). This provision relieves the Empire from such obligation and at the same time gives juristic personality to the colonies.¹

Another section (§ 4) of equal importance provides that if the extraordinary requirements of a colony necessitate the contracting of a loan or the undertaking of a guaranty, such contract or undertaking shall be authorized by statute.

None of the colonies have thus far contracted bonded indebtedness, nor does it appear that the mother country has undertaken any such obligation for colonial purposes. Obligations in the nature of debts have been

¹ Stengel, p. 127.

assumed for two of the colonies and a third colony appears to be held for the repayment of certain sums to the mother country. When the imperial government took over the administration of German East Africa, the East African Company agreed to make certain payments amounting to 10,556,000 M.¹ The company negotiated a loan to meet these payments and the imperial government agreed to pay the Company annually, until such loan should be liquidated, the sum of 600,000 M, out of the net proceeds of the customs. If in any year the net proceeds fell below such amount the deficiency was to be made good out of any excess in any subsequent year. It appears that 90 semi-annual payments of 300,000 M each, will be necessary before the loan is liquidated. The 17th and 18th semi-annual installments were paid during the present fiscal year.

New Guinea is subject to a similar obligation. Among other things, the imperial government guaranteed to the New Guinea Company, in return for the cession of its privileges and the public improvements in the colony, the sum of 4,000,000 M, to be paid in ten annual installments.² The agreement was made subject to the approval of the Federal Council and the Diet, which seem to have accorded the same by including the first annual payment in the budget of the colony for the fiscal year 1899. In accordance with the act of March 30, 1892, the obligation binds only the colony.

Cameroon appears to be the only colony which has been required to make repayment of a subvention from the imperial treasury. The sum of 1,425,000 M was granted this colony as an advancement in the imperial

¹ 4,000,000 M to the Sultan of Zanzibar for the relinquishment of his rights, and the remainder in productive and public works in the colony. See contract, *Kol.-Bl.*, 1890, p. 301 sqq.

² See contract, *Entwurf*, 1899, Beilage C, p. 70.

budget for 1891-92, and subventions were made in 1894-95, and 1895-96, amounting to 1,093,710.25 M. The colony was to make repayment in twenty-seven annual installments of 90,750 M each and one payment of the balance. The seventh installment was paid in the fiscal year 1897-98 but no payment has been made since then. The imperial legislature has made annual subventions to meet deficiencies in the revenue of the colony since 1895-96. The draft budget for 1899 states that further installments in repayment of the above amount must be postponed until the colony possesses adequate revenue derived from its own resources. The later subventions do not appear to have been carried as an obligation against this colony.

ISIDORE LOEB.

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Jahresbericht = Jahresbericht über die Entwicklung der Deutschen Schutzgebiete : Beilage zum Deutschen Kolonialblatt.
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